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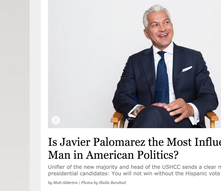

Is Javier Palomarez the Most Influential Man in American Politics?

Unlike of the new majority and head of the USHCC sends a clear message to 2016 presidential candidates: You will not win without the Hispanic vote

By Matt Villarreal | Photos by Sheila Barnhill

The nation's capital is teeming with powerful people. From journalists and judges to lawmakers and lobbyists, politicos and pundits to the president himself, its residents collectively have more sway than a ship delayed by storm surge. Like northeners perpetually circling a track, they spend their days jockeying for position, simultaneously gaining and ceding ground in eyes with fickle political winds. Of all the thousands orbiting Capitol Hill in 2013, however, perhaps the most influential isn't a senator, a general, or even a diplomat. It's a businessman with dark eyes and platinum hair: Javier Palomarez, president and CEO of the United States Hispanic Chamber of Commerce (USHCC).

His isn't blunt, in-your-face power. It's the shrewd, incisive kind. It's the voice, not the fist. Or rather, the voices—political—he his represents the interests of nearly 3.2 million Hispanic-owned businesses, which together contribute more than $4.8 billion to the American economy every year.

"The business owners that make up the Hispanic business community aren't just business owners; they're also job creators, taxpayers, political donors, and, ultimately, voters," Palomarez says. "They are the most influential in their communities, and they are the most influential in the minds of millions of Americans they employ. They're the gatekeepers, if you will, to a huge voting bloc—the Hispanic community—which in today's elections can be the difference between winning and losing."

The Hispanic Chamber wasn't always so significant. In fact, what today is one of the most influential organizations in the country just a few years ago was one of the least, according to USHCC Chairman Emeritus Nina Vaca.

"When I got here, the organization was in terrible shape," recalls Palomarez, who Vaca helped recruit. "It was the height of the recession, and we were over $1 million in debt. We had a bloated staff. Our finance chair told me we only had 32 days of life left—and that was the good news. The trend was broken. The bloom, as they say, was off the rose. We were in a downward spiral programmatically, reputationally, and certainly financially. We were in triage mode literally the day I walked in the door."

Six years later, on the eve of the 2016 presidential election, the USHCC is transformed. Like a butterfly emerged from its cocoon, it is self-assured and powerful—the product of a remarkable turnaround led by Palomarez and bolstered by the increasing size, standing, and stature of the Hispanic business community.

The Road to Washington

Palomarez knows a lot about transformation; he's been through a few in his life. Originally from south Texas, he spent his youth as a migrant farm worker picking fruits and vegetables alongside his nine siblings and their immigrant mother, whose early death from a heart attack led him to drop out of high school and run away from home.

"I come from a fairly impoverished background. We had to hustle for what we got," says Palomarez, who as a teenager spent more than a year on the streets before returning home, where he identirally decided to earn his GED and go to college. He graduated from the University of Texas–Pan American in 1986 with a degree in finance. "Through a lot of hard work and luck, I managed to get a job as a stockbroker with the Wall Street Journal Student Achievement Award. That literally put me on the map. My name appeared in The Wall Street Journal, and two weeks before I graduated I had several job offers from corporate America."

Palomarez spent the next two decades becoming one of the nation's top multicultural sales and marketing executives, building programs that touched millions during tenures at Allstate Insurance Corp., Sprint Inc., and Bank of America, where he was senior vice president of multicultural marketing.

"I made a career out of introducing multicultural products to brands that had convinced the realization they needed to engage [diverse consumers], but didn't know how to go about it," says Palomarez, who is best known for creating the insurance industry's first integrated, national Hispanic marketing, sales, and service campaign during his 13 years at Allstate. "Toward the end of my career I was very fortunate to work not only with the Hispanic community, but also with the African American community, the gay and lesbian community, and the mainstream market, which really afforded me the opportunity to see the changing demographics in America and how incredibly important these markets had become—and were going to be going forward."

What Palomarez had done for corporate brands, the USHCC believed he could do for its nonprofit brand.

"The United States Hispanic Chamber of Commerce started courting me," says Palomarez. Although he was admittedly the perfect man for the job, he initially didn't want it. "I wasted nothing to do with it. I didn't see [nonprofit management] as my strength or my bailiwick. I didn't think I'd be the kind of guy to run a nonprofit."

Nina Vaca strongly disagreed. "For almost two years—three or four times a week—I would hear from Nina," Palomarez continues. "She was relentless about how I should give back, and how I could bring my talents and experience to help the organization solve the challenges it was facing."

Vaca's persistence paid off, and in 2009 Palomarez joined the USHCC as its captain. His monumental mission: Save the sinking ship, then sail it to greatness.

> "We're not partisan, but we are political. We see policy and legislation as critically important to American business." – Javier Palomarez

Driving Change

The USHCC's is a Cinderella story. And if there's anything Cinderella had to do a lot of, it was clean house—which is exactly what Palomarez did when he arrived at the organization's K Street headquarters.

"We went from 38 employees to four, and I was one of the four," says Palomarez, who had become USHCC's fifth CEO in as many years. "Perhaps the toughest thing we did was transition out the board of directors. We had to let 18 people who meant well but simply weren't the right people that they needed to leave. Basically, I had to fire my boss 18 times over. Culturally, that's very difficult."

Difficult, but necessary. Palomarez wants to create a board of top-tier corporate executives and Hispanic business owners, including the likes of José Ramon Mas, CEO of the nation's largest Hispanic-owned construction firm, MasTec.

"It was clear to me that in order for us to succeed—in order for us to really articulate the potential of our entrepreneurial community—our board needed honest-to-goodness entrepreneurs who were living the American dream—who started with nothing and built empires," Palomarez continues. "Getting the person who occupied the seat out and attracting the right person in—who frankly didn't need to sit on our board because he was busy running a $4 billion enterprise—was one of the toughest things we had to do. But we did it, because we felt our board should elevate the stature of our Chamber."

Palomarez needed to make and follow through with a lot of tough decisions, like severing ties with the federal government, which when he arrived in Washington was one of 34 sponsors that funded USHCC. "The first thing I did when I became CEO was give back every penny of federal funding," Palomarez says, adding that refunding the government's money was an important turning point for the organization. "Today, if we disagree with the Administration, or the Department of Commerce, or the Department of the Treasury, we can say we without having to worry about the millions of dollars they're going to give us next year to stay alive. It was heavy at the time."

Establishing independence from the government strengthened USHCC's bi-partisan brand, which has helped it grow from 34 corporate sponsors in 2009 to 43 in 2013—fueling 19-fine sales growth of over 400 percent in the same five-year period.

"Things look much better today, and the road ahead looks amazing," Palomarez says. He attributes the turnaround to his staff and their willingness to run the organization like a business instead of a nonprofit. "We're not a civil rights organization; we're a business organization. We're about getting business done. So, we run [the USHCC] like we would run an entrepreneurial startup. We assume we work insane hours, we drive hard, we set outrageous goals, and when we achieve them, we turn around and set even more outrageous goals."

> "Never again will an American president be elected without openly courting America's Hispanic vote." -Javier Palomarez

Political Pull

One of those outrageous goals Palomarez set when he arrived was elevating the USHCC to a prominent level of political relevance. "We're not partisan, but we are political," Palomarez says. "We see policy and legislation as critically important to American business. We believe they're inextricably linked, so we need to be at the table articulating the views and values of American small business."

Seats at the proverbial table are often bought. But because the USHCC was broke, it couldn't afford a voice. "We had to earn it," Palomarez says. "We had no resources, no money, and little influence. We were starting from scratch.

"We may not have had the finances, but we understood the game."

Palomarez infused the organization with his will to thrive, and Washington noticed. "You have to be good enough, smart enough, and tenacious enough to build yourself into the network—to force yourself into the dialogue, and it begins to push and pull to get your agenda listened to and ultimately met. We're very good at that."

So good, in fact, that the new and improved USHCC already has several feathers in its cap. One, for instance, was the April 2014 appointment of Prochnivicz Bank founder Maria Contreras-Sweet as the 24th administrator of the US Small Business Administration (SBA).

"When the position became available, we were asked to give a short list of names to the Administration. When they came back and told us that they had, in fact, selected one of those names, we led a coalition of 11 national organizations—none of which were Hispanic—to urge Congress to nominate and confirm Maria Contreras-Sweet," Palomarez explains. "We didn't back her nomination because she's Hispanic, or a woman, or an immigrant, or a member of our association, but because she was the best American choice for the job. To this day, she is one of only three uncontested nominations that the president has made to his cabinet, and to date Maria has outperformed every SBA Administrator in recent memory.

"The SBA is the pinnacle in terms of small business affairs, so [her leadership] is very significant for the Hispanic business community."

The USHCC likewise proved instrumental in the nomination and confirmation of Julián Castro as Secretary of Housing and Urban Development, and earlier this year forced its political muscles on behalf of the Trans-Pacific Partnership (TPP), a proposed trade agreement with Asia that, according to Palomarez, would create valuable jobs and revenue for Hispanic-owned businesses.

With presidential primaries just a few months away, USHCC's teeth couldn't have grown it at better time.

"President Obama went to Mexico and Costa Rica in 2013, and on the eve of his departure I had an opportunity to talk to him," Palomarez recounts. "I said, 'You know, Mr. President, you wouldn't be Mr. President were it not for the Hispanic vote.' He agreed with me, but I went further. I said, 'Never before has the Hispanic community played such a critical role in electing an American president,' which he agreed with me on. I said, 'Never again will an American president be elected without superior outreach that never again will an American president be elected without openly courting America's Hispanic vote' … In the last election, Mitt Romney only got 27 percent of the Hispanic vote. President Obama got 71 percent. And the rest, as they say, is history."

ONLY 39%
of white voters voted for Obama, while 59% cast their vote for Mitt Romney in 2012.

ONLY 27%
of Hispanic voters voted for Mitt Romney while 71% cast their vote for Obama.

ONLY 5%
of all eligible Hispanic residents were registered to vote in 2012—a number significantly lower than that of other demographics.

45.7% GROWTH
Hispanics make up the largest ethnic minority in the United States. 51 million large in 2000 (up from 35 million in 2000).

Courting Votes

The USHCC's hard-won political prowess permeates the air at the organization's two annual events: the USHCC Legislative Summit each spring and the USHCC National Convention every fall.

The former, which takes place each March in Washington, DC, has hosted such guests as President Barack Obama, Vice President Joe Biden, House Speaker John Boehner (R-OH), House Minority Leader Nancy Pelosi (D-CA), Sen. Rand Paul (R-KY), Sen. John McCain (R-AZ), Rep. Xavier Becerra (D-CA), Sen. Cory Booker (D-NJ), Sen. Elizabeth Warren (D-MA), and Sen. Chuck Schumer (D-NY) (among other heavy hitters).

"[I] members of Congress visited with us in 48 hours during our most recent Legislative Summit," Palomarez says. "Of the 75, there were 35 Republicans and 40 Democrats. And with the message that no matter which side of the aisle you're on, if you aspire to a nationally elected position, you've got to deal with America's Hispanic business community."

As influential as the Legislative Summit is, the National Convention is even more so, as it brings candidates face-to-face with the voters and donors most capable of helping them get elected. "It is the largest gathering of Hispanic business leaders in America," states Palomarez, who stresses Hispanic voters' growing political capital. "Every 30 seconds a Latino turns 18 and becomes an eligible voter. That's anywhere from 55,000 and 60,000 brand-new voters every single month, and that's going to be the case for the next 30 years."

This year's convention, taking place September 20-23 in Houston, is expected to host as many as 8,000 attendees including small business owners; elected officials; and senior executives from as many as 250 corporations, such as Bank of America, BP, Ford, Frito-Lay, Toyota, Verizon, Visa, and Wells Fargo Bank.

"It's a 'who's who' of both the public and the private sector," continues Palomarez, who has invited presidential contenders from both parties—including Secretary of State Hillary Clinton and former Florida Governor Jeb Bush—to address this year's convention, during which the clout of the Hispanic business community will be on full display. "It's our job to remind America that Hispanic entrepreneurs are, in fact, a very useful asset to this nation. They're not only leading in innovation and creativity, but they're creating new companies at a rate three times that of the general market. Our National Convention is a celebration of that."

To get a sense for how important the USHCC National Convention is—especially leading up to and during an election year—consider what happened in January 2013, when a group of Republican strategists set up a meeting with the USHCC.

"We went told, 'The Republican party sees the light, but… the candidates are afraid to engage the Hispanic community during the primaries for fear that they will frighten off their conservative base," Palomarez recalls.

The Republican strategy was to ignore the Hispanic community during the primaries, then offer an olive branch during the general election.

"It was not a good strategy. We warned that they would be committing a fatal flaw by that taking the Hispanic electorate for granted," Palomarez says. "The next thing you know, Republican leadership was sitting down with us so they could engage our members. We've spoken to Ted Cruz, Jeb Bush, Rand Paul, Marco Rubio, among others. The Republican strategy changed midstream because we called the party out for trying to sneak through the primaries without answering to the Hispanic community."

> "More than any time in history, the Hispanic vote is truly up for grabs." -Javier Palomarez

No 'Hispandering' Allowed

Since the Republican snub, candidates from both parties have been courting the Hispanic community. Texas Lieut. Gov. Dan Patrick and Maverick County (Texas) Judge Carlos Cascos conducted special Q&A sessions with Palomarez in front of the international press. Palomarez also publicly questioned one Democratic presidential candidate, Maryland Governor Martin O'Malley, on immigration reform, and former Florida Governor Jeb Bush has accepted an invitation to keynote the 2013 USHCC National Convention in Houston.

Like the candidates' campaigns, however, the questions have only just begun, according to Palomarez, who promises that the USHCC will continue pressing all the candidates on issues of import to Hispanic businesspeople throughout the upcoming election season.

"We want to make sure that the presidential candidates are not simply 'Hispandering' to Hispanics," he says. "We want them to understand the breadth of our concerns and… to connect with our community by illustrating that they understand what it means to be a Hispanic American."

Immigration reform will be among the most important issues on which the USHCC presses candidates. "It's a unifying issue, and it's important that candidates explain their position to us as candidly as they can," Palomarez says—but it won't be the only issue.

"The reality is, we are a community that is not monolithic; we care about all of the things that affect Americans," Palomarez explains. "In fact, according to a poll we conducted with 1,000 registered Hispanic voters, jobs, the economy, health care, national security, the federal budget, and immigration were all important issues."

On these issues, Palomarez believes many of the candidates stand with the USHCC. Concerning immigration, for instance, Bush and Clinton are "unlikely to be heard" with the organization's position, he says, "to varying degrees." O'Malley, meanwhile, has made verbal commitments to the organization, promising to treat immigration as an economic imperative, to work with Congress to pass immigration reform within the first 100 days of his presidency, and to use executive action where possible in the absence of legislative reform.

"That's what we want: we want clear, spoken commitments from the candidates to the Hispanic business community," Palomarez says, insisting that the Hispanic electorate remains "undecided" at this early stage of the election.

"More than any time in history, the Hispanic vote is truly up for grabs—in part because of the diversity within the parties and the individuals who are running, and in part because the USHCC has been hard at work building bridges with both the Republican and Democratic parties, ensuring that they hear on and know that we have real issues that require real, thoughtful, deliberate discussion, solutions, and answers."

Because they unite the boardroom with the voting booth, those bridges promise to endure—and the USHCC with them.

And Palomarez, who has in his lifetime gone from hand-picking fruit to hand-picking presidents, has the best possible motivation to see this through.

"This is the second chapter of my life, and I'm trying to live it by something Tom Brokaw once said: 'It's easy to make a buck. It's a lot tougher to make a difference.' I'm trying to make a difference."

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